

2010-11 COE Solicitation Frequently Asked Questions

Question: Are the deadlines for applying, deadlines to have applications to the reviewers or to COE? If to COE, how long does the initial review take?

ANSWER: The deadline for submission of your proposal is to the COE program (scox@utah.gov). Your TCO/TTO or USTAR contact can tell you how they want to conduct their review - they each have their own process, which may include a face to face or phone meeting to discuss your proposal concept and team. Because we will be conducting multiple submissions each year, the deadlines are shorter. It is recommended that you have an ongoing dialog with your TCO/TTO or USTAR team as you prepare to be ready for an upcoming COE solicitation. It is currently expected that the next solicitation will be in March or April of 2011, although it is not yet formally scheduled.

Question: Does the TCO/TTO or USTAR need to have a copy of the proposal before submission to the COE?

ANSWER: They do not necessarily need to receive a copy of the **formal proposal** before it is submitted to COE UNLESS they request it (please check with your TCO or USTAR contact to verify). Your TCO/TTO or USTAR contact can tell you how they want to conduct their review - they each have their own process. However, best practices suggest that when you submit your proposal to COE (scox@utah.gov), you should also **CC your contact** at the TCO/TTO or at USTAR to ensure that a) they have a copy and b) can make sure that, if you have been recommended for review, that you are on the list submitted to COE by the TCO/TTO or USTAR. The TCO/TTO's and USTAR have 24 hours after the COE submission deadline to submit their list of recommended teams to the COE program. Because this is the first time we have conducted this type of process, there is a mechanism in place to double check and make sure no properly reviewed team was accidentally omitted from the list.

Question: Since our license is with (a PhD granting college or university) are we required to do 2:1 matching? If recommended by USTAR does that change?

ANSWER: If a team is a professor-led team within the university and the funding goes to the PhD granting college or university, the team is required to have 2:1 internal funding, per statute and solicitation. If the applying team is a Licensee of a technology developed at any Utah college or university AND the money goes to the company (Licensee), the company is required to have a 1:1 match. If the proposing team is an affiliate of a NON-PhD granting college or university a) the COE grant funds must go to the college or university and b) the college or university team must have matching funds internally to the college or university - these funds can be provided by the affiliate, **OR** they can come from existing industry or federal grants or contracts.

As an example, an affiliate company can work with a non-PhD granting college or university on a product design, development or validation that would normally cost \$80,000 using the specialized talent or equipment at the college or university. The COE program could award a \$40,000 grant and the affiliate company could pay an additional \$40,000 to the college or university. In this way the company's total costs would be reduced by 50% based on the support of the COE program, and the college or university would have a significant opportunity for both faculty and students to work on a real-world project for the affiliate company.

The choice of whether to request being reviewed/recommended by either the TCO/TTO or USTAR does NOT change the matching fund requirements.

Question: Who is eligible for the COE Grants this fall?

ANSWER: This can be found on page 4 of the solicitation, but is repeated here for clarity. Please note that on the middle of page 4, but below the section repeated here, it references to the eligibility of either "a company" or "a professor-led team", referring to both categories of applicants (there had been some question about this reference, please review the entire sentence).

Any company which has a relationship with a Utah college or university is eligible to request one of the pre-screening entities that they be recommended to be reviewed for a COE grant. There are three types of eligible applicants:

- Licensees (companies) - of technology developed at a Utah college or university
- A professor-led team within a Utah college or university
- A Utah company which partners with a Utah college or university ("an Affiliate Company"), may apply as part of a team that includes the college and university, for funds which go to the college or university team for work to be performed on behalf of the company. Information on both co-applicants must be completed on the application, but only one application is to be submitted. Such work includes:
 - ☐ Service agreement
 - o Examples: testing, prototyping, custom development.
 - ☐ Sponsored research
 - ☐ Sponsored student projects

Question: If I have a question on the COE program, can I call the COE Director?

ANSWER: During this period, the COE Director is fielding many questions, and is frequently unable to answer calls or voicemails directly. For the most rapid turnaround in getting questions answered please a) Read the solicitation and FAQs in detail to make sure your question is not already answered (fastest route) b) Pose the question to your TCO/TTO or USTAR contact (they frequently have other teams which have posed the same question) or c) EMAIL the question to Sharon Cox, scox@utah.gov. Answers to questions posed will be returned as quickly as possible and will also be posted on the FAQs, which is why Email is the necessary communications mechanism.

Question: What are the criteria for evaluating COE proposals?

Answer:

- 1) Number of Jobs in Utah
- 2) Quality of Jobs in Utah (i.e. average salary, benefits etc)
- 3) Diversity of job types (i.e. R&D, manufacturing, sales, finance...the wider the diversity of jobs, the better)
- 4) Quality of management and leadership, including experience in startups or commercialization

Question: A faculty member is part of a Centers of Excellence research team that received 4 years of funding beginning in 2003. During the past couple of years, software was developed by members of the university team for their research. This work was not funded by COE. Some of the software code was licensed to a local company to assist that company with achieving their goals on a government contract. The faculty member is also a principal of the local company. (A conflict of interest plan is in place.) The university software was merged with the company's software for the government project, and with some additional effort can become a commercial product. The software can be adopted for commercial use so I suggested that the company submit a COE proposal to commercialize the software licensed from the university. COE funds would go only to the company. Do you foresee any issues with a current COE proposal that lists the same person as the industry contact and the university contact?

Answer: The COE program is 24 years old. In that time, the COE Director cannot identify a case where a full time professor is able to lead a startup successfully (since both being a professor and leading a startup are the equivalent of 2 full time jobs each). Our council members have seen this pattern also. It is highly unlikely that they will look at the same person being listed as the contact for both industry and professor as a sign of a company with a strong likelihood of success. Such a proposal will not be eliminated "out of hand", but it would certainly be a red flag that the company may not be serious about management talent. A strong and credible explanation of the plan to recruit management talent or the existence of a strong Board of Directors would be helpful in mitigating this concern (for example if the company is just emerging).

Question: A faculty member has developed software to model a process. He is continuously improving the software. We have identified a company that has a patent pending process that needs to be modeled to optimize process parameters. I am currently putting together a license agreement with the company for the university software and future updated versions. The university also has a fully instrumented facility to test products that can be modeled by the university software and manufactured by the company's process. The faculty member has a federal grant in this area that he will use as matching funds. The company currently has no matching funds. Can the faculty member submit a COE proposal that includes funds going to the university and the university subcontracting to the licensee for manufacturing prototype parts based on the university's model, so the university can test the parts to verify the model? In other words, for a joint university and affiliate company project, can the COE funds go to the university, because the university has the proper matching funds, and the university subcontract a portion of the work to the affiliate company?

Answer: In general the funds for a university/affiliate company partnership must go to the university (with proper matching funds) under this current solicitation, so that is perfectly acceptable. The only question in this case is the idea of the university subcontract[ing] a portion of the work to the affiliate company? If this COE grant is to benefit the company, it might be surprising to the COE Advisory Council (which reviews each proposal) for the company to be "profiting" through this sub-contract - but if the sub-contract were to cover the (full) costs of manufacturing the parts to be tested, I do not see why that would not be permissible. I suggest that this concept be explained in the proposal. Depending upon the specifics it is likely to be very attractive to the Council because it includes an existing company partnering with a university to leverage university technology to solve a problem or generate a business opportunity.

Question: Can the university charge overhead on top of the Contract?

Answer: No. The COE program does not pay overhead to a college or university which receives COE funding and overhead may not be taken out of the COE grant funding.

Question: If a company is applying as an Affiliate Company, can the COE money be used to pay Computer Programmers salary at my company?

Answer: No. COE monies granted on behalf of an Affiliate Company, goes to the college or university and must be used within the college or university for work on the technology described in the proposal. This is the current statute to which the COE Program must adhere.

Question: Can Founders money be used as matching funds.

Answer: Yes. Founders money can be used as matching funds for the COE Grant. Founder contribution must be cash only and not in-kind or time, and the cash must be put into the company as an equity infusion (it may not have a pay back provision).

Question: Can the affiliate company money be used as match for the college or university?

Answer: Yes, as long as the affiliate company pays the money to the college or university, for use by the college or university, on the proposed technology. At the PhD granting institutions, the match requirement is \$2 in match for each \$1 in COE grant funding. At all other Utah colleges or universities, the match requirement is 1:1. Note that funding inside the company will not count as matching funds for COE funding going to a college or university.

Question: On the matching funds. Do the USTAR funds (TCG) count or if the team has put money into it themselves does that count?

Answer: In the solicitation, it specifies that TCG (USTAR) funds do not count as match. Team self-funding is acceptable as match - as long as it is CASH that does not have a repayment clause, and put into the company between 4/1/10 and 6/30/2011. Sweat equity and in kind contributions (such as space in a basement) don't count.